



Clouded global economic climate

Besides further earnings results, the trade conflict, US sanctions against Russia, and market distortions in Turkey, today's focus will likely be on the latest US inflation data. In a recent survey by Munich-based Ifo Institute, the global economic climate clouded again in the third quarter of 2018 given the escalating trade dispute. The relevant index fell from +16.5 to +2.9 points, roughly back to the level of the first quarter of 2017, with expectations in particular again falling sharply from +6.1 to -10.6 points, the lowest level since the end of 2011, with the economic climate deteriorating in almost all regions and the associated drop in expected global investment activity. Ifo President Clemens Fuest commented that the global economy is only running with the brakes on and that the development of world trade is characterized by the trade conflict. 1,200 economic experts from 120 countries took part in the Ifo survey.

Equities – Progressing quarterly reporting season in Europe

It is striking that a high 54% of European companies delivered positive surprises on sales growth. Unfortunately, however, they do not succeed in transferring this to the net profit level. Only about 44% are able to positively surprise with their net profits, which represents the lowest rate in six years. This is mainly attributed to currency effects and higher raw material purchasing costs, which put pressure on margins. In contrast, 82% of US companies have delivered positive earnings surprises within Q2, the highest since the 1990s. US companies are strongly benefiting from the tax reform. The profits are increasingly used to buy back own shares. The announced share buybacks this year are 97% higher year-on-year on an annualized basis, with financials, technology and pharmaceutical companies leading the way. **Hella** reported a weaker adj. EBIT margin in Automotive in Q4 due to lower capacity utilization and ramp-up costs at new plants.

Currencies – Kiwi dollar in free fall after dovish RBNZ comments

Yesterday's meeting of the Reserve Bank of New Zealand (RBNZ) brought no respite for investors in Kiwi Dollars (NZD), whose value has now declined by over 10% vs. its US counterpart from the temporary highs seen earlier this year. RBNZ governor Adrian Orr expressed great caution against the sluggish developments in the country's fundamentals, stating that the RBNZ was currently in "watch, worry and wait mode" with respect to the potential for hiking New Zealand benchmark interest rates. Put more technically, the RBNZ pushed back its forecast for a first rate increase to late 2020, implying that New Zealand yield landscape will stay at record-low levels for over two years. Beyond the bleak rate outlook, Orr comments that he was "very pleased" with the NZD's level, and considers it close to fair value leave investors with little reason to believe in a significant recovery soon. The Kiwi Dollar slumped nearly -2% vs. the Greenback yesterday with hardly any pause.

Equity Indices	Current	YTD (%)
MSCI World	2'163.69	2.86
Dow Jones	25'509.23	3.20
S&P 500	2'853.58	6.73
Nasdaq 100	7'466.96	16.74
Nikkei 225	22'298.08	-2.05
SMI	9'145.68	-2.52
SLI	1'498.61	-1.27
Euro Stoxx 50	3'494.13	-0.28
Euro Stoxx 600	390.05	0.22
DAX	12'676.11	-1.87
MSCI UK	2'237.19	0.41

EM and Alternative Indices	Current	YTD (%)
MSCI Emerging Markets	1'078.67	-6.89
MSCI EM Asia	552.19	-5.90
MSCI EM Eastern Europe	155.61	-6.03
MSCI EM Latin America	2'652.23	-6.22
Brazil IBOVESPA	78'767.99	3.10
Russian Depository Index	1'289.52	0.43
NIFTY Index	11'435.05	8.59
Hang Seng Index	28'344.94	-5.26
HFRI Global HF Index	1'264.29	-0.89
LPX50 Listed PE TR (EUR)	2'385.32	9.05
BBG NA REITS	286.13	-0.24

Fixed Income	Current	YTD (Δ)
US Treasury Bonds 10Y (USD)	2.89	0.49
German Bund 10Y (EUR)	0.35	-0.08
Swiss Government 10Y (CHF)	-0.07	0.08
United Kingdom 10Y (GBP)	1.30	0.11
Japan 10Y (JPY)	0.10	0.06
Fed Funds Rate	1.75	0.50
ECB Main Refinancing Rate	0.00	0.00
3 month LIBOR (CHF)	-0.75	0.00
Global IG Corporate Spread	1.13	0.19
Global HY Corporate Spread	3.49	0.16
EM Hard Currency Gov. Spread	2.78	0.62

Earnings calendar

Date	Ctry	Company	Period	Cons quarterly EPS
14.08.	CH	GEBERIT AG-REG	S1	5.03
14.08.	US	HOME DEPOT INC	Q2	2.84
14.08.	CH	SWISS LIFE HOLDING AG-REG	S1	-
15.08.	US	CISCO SYSTEMS INC	Q4	0.69
16.08.	DE	HENKEL AG & CO KGAA VORZUG	Q2	1.62
16.08.	CH	SWISSCOM AG-REG	Q2	7.22
16.08.	US	WALMART INC	Q2	1.22
17.08.	US	DEERE & CO	Q3	2.74
17.08.	CH	SCHINDLER HOLDING-PART CERT	S1	2.06
21.08.	AU	BHP BILLITON PLC	Y	1.00
21.08.	IE	MEDTRONIC PLC	Q1	1.11

Forex

	Current	YTD (%)
EUR/USD	1.1459	-4.55
EUR/CHF	1.1418	-2.43
USD/CHF	0.9965	2.28
GBP/CHF	1.2748	-3.20
GBP/USD	1.2793	-5.33
USD/JPY	110.94	-1.55
USD/HKD	7.8498	0.46
USD/SGD	1.3717	2.67
USD/CNY	6.8586	5.41
EUR/NOK	9.5602	-2.88
EUR/SEK	10.3825	5.58

Economic data calendar

Date	CET	Ctry	Indicator	Period	Cons	Prev.
10.08.	08:45	FR	Industrial Production (y/y)	Jun	1.19	-0.90
10.08.	10:30	GB	Industrial Production (y/y)	Jun	0.64	0.80
10.08.	14:30	US	Consumer Prices (m/m)	Jul	0.17	0.10
10.08.	14:30	US	Core Consumer Prices (y/y)	Jul	2.31	2.30
10.08.	14:30	US	Consumer Prices (y/y)	Jul	2.94	2.90
10.08.	14:30	US	Core Consumer Prices (m/m)	Jul	0.21	0.20
13.08.	10:00	IT	EU harm. Consumer Prices (y/y)	Jul F	-	1.90
14.08.	04:00	CN	Retail Sales (y/y)	Jul	9.13	9.00
14.08.	08:00	DE	GDP (q/q)	2Q P	-	0.30
14.08.	08:00	DE	EU harmonized Consumer Prices (y/y)	Jul F	-	2.10
14.08.	08:45	FR	EU Harmonised Consumer Prices (y/y)	Jul F	-	2.60

Commodities

	Current	YTD (%)
Oil Future Nymex WTI (USD)	66.53	12.63
Oil Future Brent (USD)	71.87	11.62
Gold-ounce (USD)	1'207.19	-7.34
Silver-ounce (USD)	15.34	-9.45
Platinum (USD)	829.05	-10.69
Palladium (USD)	902.39	-15.15
JOC Industrial Metals Index	114.87	-5.95
S&P GSCI Index Spot Indx	457.17	3.33
Rogers Int. Commodity Index	2'482.23	2.75
BBG Commodity Index	84.52	-4.13
Rogers Agriculture TR Index	816.64	1.34

Topics LGT looks at

Topics	Description	Publication Type	Published
Forex Strategy	In this publication, our FX strategist presents his view on the major currency pairs and investment advice.	Investment Idea	09.08.2018
Turkey	US sanctions against Turkish government members triggered an asset price correction. We have analyzed the current situation and present our view.	Market News	08.08.2018
Gold - brightening prospects	We assess the current development of the precious metal and present our outlook on gold.	Investment Idea	31.07.2018
Novartis vs. Roche	Both Swiss pharma giants reported solid half-year results. Our equity analysts take a closer look and state their preference.	Investment Idea	30.07.2018
Facebook	Our equity analysts take a look at Facebook, as the shares of the social media giant slumped after the company delivered its quarterly earnings report.	Market News	26.07.2018

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Editorial: Alessandro Fezzi, +41 44 250 78 59, E-Mail: lgt.navigators@lgt.com

Authors Equities: Georg Ruzicka, Dr. Tilman Dumrese, Simon Weiss, CFA, Chris Burger, CFA

Authors Fixed Income, Commodities & Currencies: Maurice Jiszda, Sandro Zwysig, CFA, Dominik Garcia, Dr. Wolfgang von Hessling

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